

NEWS RELEASE

Vallianz Records Net Profit of US\$4.0M and US\$9.5M for 2Q2016 and 1H2016

- Revenue eased 2.1% to US\$63.7 million in 2Q2016
- Operating profit increased 32.4% to US\$6.0 million in 2Q2016
- Order book of US\$1.1 billion with charter contracts stretching up to year 2025
- Vallianz and Rawabi continue to focus on business prospects in the Middle East

Singapore, 14 August 2016 – Vallianz Holdings Limited (“**Vallianz**” or “**Company**”, and together with its subsidiaries, the “**Group**”), an established provider of offshore support vessels and integrated marine solutions to the oil and gas industry, today reported a higher operating profit of US\$6.0 million for the three months ended 30 June 2016 (“**2Q2016**”) despite the challenging industry conditions.

Group revenue in 2Q2016 eased marginally by 2.1% year-on-year to US\$63.7 million due mainly to lower sales generated from vessel management services with the completion of ship management projects in late 2015. This was partially offset by increased revenue from the Group’s core vessel chartering and brokerage business which accounted for a higher 68% of total revenue in 2Q2016 compared to 63% in 2Q2015. The remaining 32% of Group revenue was derived from vessel management services and investment segments.

Gross profit margin decreased to 25.0% in 2Q2016 compared to 27.3% in 2Q2015 attributed mainly to a change in the revenue mix to a higher percentage of chartering and brokerage services business and less on vessel management. This was partially mitigated by the Group’s efforts to maximise cost savings from vessel operations and labour expenses. Together with lower operating expenses and higher share of results of associate and joint ventures in 2Q2016, the Group’s operating profit grew 32.4% to US\$6.0 million from US\$4.6 million in 2Q2015.

However, net profit declined by 12.9% or US\$0.6 million to US\$4.0 million in 2Q2016 from US\$4.6 million in 2Q2015 due primarily to a one-off impairment charge of US\$1.6 million. This charge was related to the impairment of intangible asset of OER Group (“**OER**”) which arose from OER’s relationship with a customer Swiber Holdings Limited. OER is a wholly-owned subsidiary of the Group. The Group’s earnings per share for 2Q2016 was 0.10 US cents compared to 0.11 US cents in 2Q2015.

For the first half ended 30 June 2016 (“**1H2016**”), the Group recorded an operating profit of US\$11.6 million, up 13.7% from US\$10.2 million in 1H2015. This was undermined by the impairment charge in 2Q2016, which led to a net profit of US\$9.5 million in 1H2016 compared to US\$10.1 million in 1H2015.

Said Mr Ling Yong Wah, CEO of Vallianz, “While business conditions in the offshore oil and gas industry remained difficult, the Group achieved a stronger operating profit in 2Q2016. Revenue from our core vessel

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chartering and brokerage business improved in 2Q2016 as the Group commenced new charter contracts while continuing to deploy our vessels for ongoing long term contracts in the Middle East. At the same time, our ongoing efforts to improve our cost structure and expense management also contributed positively to the Group's profitable performance."

"During 1H2016, the Group secured new vessel charter awards including contracts valued up to US\$273 million in the Middle East in spite of rising competition in the offshore marine industry. As a result, we continue to have a robust current order book worth US\$1.1 billion, comprising mainly of long term charters that stretch up to 2025 with a key customer in the Middle East," added Mr Ling.

Notwithstanding that business conditions in the offshore oil and gas market remain depressed, the Group continues to see opportunities for business expansion in the Middle East region.

Vallianz and its joint venture partner Rawabi Holding Company Limited ("**Rawabi**") intend to leverage the Group's established market reputation in the Middle East to capitalise on the continued spending on oil and gas production activities by national oil companies in this region.

Rawabi owns an 18.7% equity stake in Vallianz. It is also a strategic joint venture partner of the Group's Middle East business operations through Rawabi Vallianz Offshore Services Limited ("**RVOS**"). Rawabi is a leading Saudi-based conglomerate that specialises in oilfield services, contracting and industrial services and retail.

With the full backing and strong commitment from Rawabi, the Group plans to focus its energies on strengthening existing customer relationships and increasing penetration in other target markets to further expand its footprint in the Middle East region. The Group is cognisant of the present challenges in the business environment and will adopt a cautious approach in the execution of its business plans. To remain competitive, the Group will continue to focus on delivering operational and service excellence while optimising its cost structure.

The Group wishes to update shareholders that its core vessel chartering business is continuing as usual and it has not experienced any disruption to its business operations following the recent events at Swiber Holdings Limited ("**Swiber**"). The Court has ordered Swiber and its subsidiary Swiber Offshore Construction Pte Ltd to be placed under interim judicial management and the provisional liquidation order in respect of Swiber has also been discharged.

Based on the financial information for 2Q2016, around 95.8% of the Group's vessel chartering business' revenue is driven by third-party customers. Notably, the Group has been decreasing its dependency on Swiber and its related entities' revenue contribution, which declined from 34.6% in FY2015 to 20.0% in 1Q2016 and to 17.0% in 2Q2016. The Group, in consultation with its legal advisors, is continuing to closely

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monitor and evaluate the impact of Swiber's developments, and will provide updates to shareholders as and when appropriate.

This news release should be read in conjunction with the Group's announcement posted on the SGX website on 14 August 2016.

About Vallianz Holdings Limited

Vallianz Holdings Limited is an established provider of offshore support vessels and integrated offshore marine solutions to the oil and gas industry. Headquartered in Singapore, the Group provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns and operates a young fleet of 49 offshore support vessels and covers markets in the Middle East, Asia Pacific and Latin America. To strengthen its foundation for growth, the Group is currently executing initiatives to expand its geographical reach, as well as broaden its range of marine assets and solutions. The Group also continues to seek opportunities and strategic alliances to increase its penetration in the major and emerging offshore oil and gas markets. Listed on SGX-Catalist, Vallianz is helmed by an experienced management team. For more details, please refer to www.vallianzholdings.com

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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